JUTE TECHNOLOGY MISSION:

Scheme for Helping NGOs and Women Self Help Groups (WSHGs) for Development of Jute Diversified Products

The objective of the scheme is to create domestic demand for Jute Diversified Products through mass awareness, to expand the production base for various JDPs by promoting NGOs and WSHGs especially in rural areas to take up the manufacturing of JDPs by imparting skills, training, financial support for procurement of machineries, raw material supply chain support, marketing support so as to ameliorate the economic status of the rural women and bring them to the level of economic independence.

Two Cluster Development Agencies have been appointed by the National Centre for Jute Diversification (NCJD) for the benefit of WSHGs in the State of Jammu and Kashmir.

Measures to boost exports

*91. SHRIMATI SYEDA ANWARA TAIMUR:
SHRI VIJAY JAWAHARLAL DARDA:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether export of traditional items to existing or emerging markets will suffice to meet the export targets of 200 billion during 2010-11;

(b) what is the envisaged annual growth of exports on short-term basis (2011-2015) and long-term planning till 2019-2020; and

(c) whether Government has been able to introduce measures to arrest and reverse the declining trends of exports and providing additional support for recently adversely hard-hit exporters?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI ANAND SHARMA): (a) Despite steep decline in export growth since October, 2008 in the wake of unprecedented global economic slowdown, a target of US$ 200 billion has been set for 2010-2011 for merchandise exports. To achieve this target, various supportive measures including incentives for market diversification have been announced by the Government/RBI by way of stimulus packages, and also in the Foreign Trade policy, 2009-14.

(b) Government has set a policy objective of achieving an annual export growth of 15% with an annual export target of US$ 200 billion by March, 2011. In the remaining three years of this Foreign Trade Policy *i.e.* upto 2014, the country should be able to come back on the high export growth path of around 25% per annum. By 2014, it is expected that India's exports of goods and services will be doubled. The long term policy objective for the Government is to double India's share in global trade by 2020.

(c) To arrest the decline in Indian exports and to provide support, particularly for the sectors affected by the global economic slowdown, the Government/RBI responded by providing carefully designed and calibrated stimulus packages including the announcements made in the Budget 2009-10 is given in Statement (*See* below). In the Foreign Trade Policy (FTP) 2009-14, further measures were announced for supporting market diversification and deepening various incentive schemes like the Focus Product Scheme, Focus Market Scheme, Market Linked Focus Product Scheme, VKGUY etc. Support was also provided for Status Holders, as well as for technology upgradation by exporters. Details of FTP 2009-14, have been laid before Parliament, and are also available in public domain, on website *http://dgft.gov.in*.

Statement

Steps taken by Government/RBI to address the concerns arising out of present global economic slow down

Government announced a number of Stimulus packages, including the measures taken by RBI on the fiscal front since last quarter 2008 and the announcements made in the Budget 2009-10, to address the immediate impact of the global economic slowdown and its impact on Indian economy. The Government and the RBI are closely monitoring the economic developments in the country and internationally. Measures taken by the Government constituted substantial counter-cyclical stimulus during the last one year. Broadly the announcements were:

(A) **Measures taken by the Government**:

(1) Interest subvention of 2% provided till 30.09.2009, has been extended upto 31.3.2010, to the following labour intensive sectors for exports:-

Textiles (including Handlooms), Handicrafts, Carpets, Leather, Gems and Jewellery, Marine Products and SMEs;

(2) Additional funds of Rs. 350 crore provided (in December 2008) for Handicraft items etc. in Vishesh Krishi and Gram Udyog Yojana (VKGUY).

(3) Market Linked Focus Product Scheme extended for bicycle parts, Motor Cars and Motor Cycles, Apparels and Clothing accessories, Auto Components etc. for exports from 1.4.09 to 30.09.09;

(4) Rs. 1100 crore provided to ensure full refund of pending claims of CST/Terminal Excise duty/Duty drawback on deemed exports;

(5) Exporter friendly and the popular Duty Neutralisation Scheme *i.e.*, Duty Entitlement Passbook (DEPB) Scheme extended upto 31st December, 2009;

(6) DEPB rates for all items where they were reduced in November, 2008, restored to higher rates from retrospective effect;

(7) Duty Drawback rates on certain items restored to higher rates effective from 1st September, 2008;

(8) DEPB and Freely Transferable Incentive Schemes allowed without the initial requirement of Bank Realisation Certificate (BRC);

(9) Export Obligation Period under Advance authorization Scheme enhanced from 24 months to 36 months without payment of composition fee.

(10) Back-up guarantee made available of ECGC to the extent of Rs. 350 crore to enable it to provide guarantees for exports to difficult markets/products. ECGC is now been able to widen its coverage;

(11) Additional funds of Rs. 1400 crore provided to the Ministry of Textiles to clear the backlog claims of textiles units under Technology Upgradation Fund (TUF);

(12) MDA Scheme-allocation increased to Rs.124 crores (increased by 148%);

(13) Additional items allowed within the existing duty free imports entitlement for the following employment oriented sectors:

(i) 5 additional items for sports goods sector;

(ii) Additional items for leather garments and footwear and textile items.

(14) Fringe Benefit Tax (FBT) abolished;

(15) Section 10A and 10B related to Sunset clauses for STPI and EOUs schemes respectively extended for the financial year 2010-2011. Anomaly removed in Section 10AA related to taxation benefit of unit *vis-a-vis* assessee;

(16) Export duty on iron ore fines eliminated, and for lumps, reduced to 5%;

(17) Some pending issues relating to Service Tax refund on exports—resolved. Some of these are:

(i) Exemption from Service tax on services linked to exports:

(a) On service related to transport of export goods by road form any CFS or ICD to the port or Airport and on service related to transport of export goods by road directly from their place of removal, to an ICD, a CFS, a port or airport;

(b) Services provided by Foreign Agent Commission service.

(ii) Procedure for refund of service tax simplified by allowing refund on self certification in case refund claim does not exceed 0.25% of FOB value of exports; and certification by Chartered Accountant in case of others;

(iii) Time period for filing refund claim increased to 1 year from the date of export (as against half-yearly).

(18) For Fast Tack Resolution of a number of procedural issues thereby reducing delays for the exporters, a Committee constituted under the Chairmanship of Finance Secretary including Secretaries of Department of Revenue and Commerce; A number of issues sorted out accordingly;

(19) Excise duty reduced across the board by 4 per cent, for all products except petroleum products and those products where current rate was less than 4%. Excise Duty was further reduced by another 2% in certain products like Leather etc.;

(20) The guarantee cover under Credit Guarantee Scheme for Micro and Small Enterprises on loans doubled to Rs. 1 crore, with a guarantee cover of 50%. The guarantee cover extended by Credit Guarantee Fund Trust increased to 85% for credit facility upto Rs.5 lakh. The lock-in period for such collateral-free loans reduced.

(21) An Adjustment Assistance Scheme initiated in December' 08 to provide enhanced ECGC cover at 95% to the badly hit sectors, continued till March, 2010;

(22) To protect the domestic manufacturing industry from dumped/cheap imports, in particular, from China, import restrictions have been imposed on HR coil, Carbon Black, Polyester Filament Yarn (PFY) and Radial Tyres (Bus and Trucks);

(23) Mega Handloom clusters in West Bengal and Tamil Nadu and Powerloom cluster in Rajasthan and New Mega clusters for carpets in Srinagar and Mirzapur approved;

(24) Basic customs duty of 5% on Rough/Unworked corals abolished;

(25) Import duty on naphtha for power sector eliminated;

(26) CVD on TMT bars and structurals and on cement removed;

(27) Exemption from basic customs duty on Zinc and Ferro Alloys withdrawn;

(28) Regular monitoring mechanism:-

(a) The situation is being regularly monitored at the highest level of Government, so that immediate further corrective measures, can be taken as may be required. In this regard, the Government has constituted the following two High Level Committees which have been deliberating the issue on regular basis:

(i) An Apex Group chaired by Prime Minister with Finance Minister, Commerce Minister, Deputy Chairman (Planning Commission), RBI Governor;

(ii) Committee of officers chaired by Cabinet Secretary, including Finance Secretary, Commerce Secretary, Secretary (DIPP), Secretary (Planning Commission)—to meet regularly to look into the suggestions made by Trade and Industry and the respective Administrative Ministries in respect of the current global economic and financial crisis and to recommend action to the Apex Group.

(b) Department of MSME and Department of Financial Services to jointly, monitor on the progress of the meetings of Monthly meeting of State level Bankers' Committee for resolution of credit issues of MSME.

(B) **Measures taken by RBI:**

I. **Increase in Liquidity to the banks for improving credit flow, by:**

(i) Reducing CRR, SLR, Repo rate and Reverse Repo rate (from Oct '08, CRR reduced from 9% to 5%, SLR reduced from 25% to 24% (now restored to 25% in Oct. '09), Repo Rate reduced from 7.5% to 4.75%, and Reverse Repo Rate reduced from 6% to 3.25%).

(ii) Refinance facility to the EXIM Bank for an amount of Rs.5000 crores for providing pre-shipment and post-shipment credit in Rs. or dollars;

(iii) A special re-finance facility has been put in place for banks for the purpose of extending finance to exports, micro and small enterprises, mutual funds and NBFCs. Provisioning requirements have been lowered. Export Credit Refinance facility for commercial banks increased to 50% of the outstanding Rupee Export Credit.

II. **Increase in FOREX Liquidity:**

(i) RBIs assurance for continued selling of foreign exchange (US $) through banks, to augment supply in the domestic foreign exchange market;

(ii) To enable banks to profitably lend to exporters in Foreign Exchange, Ceiling rates on export credit in foreign currency has been raised to LIBOR + 350 basis points, subject to the condition that the banks will not levy any other charges, *i.e.*, service charge, management charge, etc. except for recovery towards out of pocket expenses incurred.

III. **Easing of Credit Terms:**

(i) The period of pre-shipment and post-shipment Rupee Export Credit enhanced by 90 days each;

(ii) Time period of export realization for non-status holder exporters increased to 12 months, at par with the Status holders. This facility which was available upto 03.06.09, has been extended for one more year;

(iii) PSU Banks, consequent to measures announced by RBI, reduced the margin money on Guarantees for exports units.

Increasing attacks by Maoists

*92. SHRI TARIQ ANWAR: Will the Minister of HOME AFFAIRS be pleased to state:

(a) whether it is a fact that naxalite attacks are increasing day by day in the country and recently a train was hijacked by the Maoist group;

(b) if so, the details thereof; and

(c) the concrete steps Government is taking in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI AJAY MAKEN): (a) to (c) There has been an increase in naxal activities in 2009. In West Bengal, on 27th October, 2009, at about 14.35 hrs. Train No.2443(A) Up (Bhubaneshwar-New Delhi Rajdhani Express) was shown red flags and stopped at Bansthala Railway Station near Jhargram in West Midnapore district by the CPI (Maoist) supported Police-e-Santrash Birodhi Janaganer Committee (PSBJC) activists. They held the driver and the assistant driver captive. They also pelted stones and broke windows of the coaches as a result of which some passengers' sustained injuries. An exchange of fire took place between the security forces and Maoists when the security forces moved towards the train. The Security Forces reached the spot and secured the area, train, passengers and the track. The train left at 22.10 hrs. with police escort.

Government has adopted an integrated approach in dealing with LWE activities. State Governments have the primary responsibility to deal with the various issues related to naxalite activities in the States. The Central Government assists their efforts in several ways. On the security side, these include providing Central paramilitary forces (CPMFs) and Commando Battalions for Resolute Action (CoBRA); sanction of India Reserve (IR) battalions; setting up of Counter Insurgency and Anti Terrorism (CIAT) schools; modernization and upgradation of the State Police and their Intelligence apparatus under the Scheme for Modernization of State Police Forces (MPF scheme); re-imbursement of security-related expenditure under the Security Related Expenditure (SRE) Scheme; filling up critical infrastructure gaps under the scheme for Special Infrastructure in Leftwing Extremism affected States; assistance in training of State Police through Ministry of Defence, Central Police Organisations and Bureau of Police Research and Development; sharing of Intelligence; facilitating inter-State coordination; assistance in community policing and civic actions; and assistance in development works through a range of schemes of different Central Ministries.